

AgriBusiness
Smoky Canyon Mine

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OCT 05 1999

1 October 1999

Department of Water Resources

Robert Peterson
R.S. Peterson and Sons
P.O. Box 212
Cokeville, WY 83114

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Department of Water Resources
Eastern Region

Dear Mr. Peterson:

I appreciated the opportunity to talk to you about water from Sage Creek for our use in dust control on haul roads.

As we discussed, the J.R. Simplot Co. recognizes that our portion of water right no. 24-02005, which is being transferred to a point of diversion located on Sage Creek pursuant to IDWR Transfer No. 5485, will be subordinate to water right no. 24-04080 to the extent that water right no. 24-04080 or any portion of the amount claimed under the water right is recognized and decreed in the Snake River Basin Adjudication (SRBA).

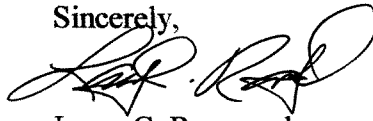
We also discussed putting a device on the inlet of our pipe so your representative could shut off the water going to our pond in the event you cannot divert the amount confirmed in the SRBA for claim no. A24-04080. When I visited with our people about the best way to handle this, they suggested we build a locking lid over the top of the switch that activates the pump used for filling the water truck. This lid would be fitted with a hasp that could be locked with a padlock. We would furnish you with a padlock, for which you would have the only keys, which you could use to lockout our switch so we could not fill the water truck.

This system would be much easier for your representative to use than the one we discussed, since the inlet is on the upstream side of our haul road, which necessitates climbing up and down an embankment that is 40 feet high to reach the inlet from Sage Valley.

Since using water from Sage Creek decreases our water haulage distance three miles from our present haul, this greatly facilitates our ability to keep the haul road dust under control.

We would appreciate the withdrawal of your protest to the transfer if you feel your concerns have been adequately addressed.

Sincerely,

A handwritten signature in black ink, appearing to read "Larry C. Raymond". The signature is fluid and cursive, with a large, stylized "L" and "R".

Larry C. Raymond
Mine Manager

C: Ron Carlson-IDWR